FOREIGN AGRICULTURE

Street market, La Paz.

July 8, 1974

U.S. Farm Exports to Saudi Arabia Triple

Bolivia's Farm Exports Boom

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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In this issue:

2 U.S. Farm Exports Benefit as Saudi Arabia's Oil Income Soars By John B. Parker
6 Mexican Grain Crops To Expand But Large Imports Still Needed
7 World Output of Castorbeans Up in Response to Price Shifts
8 Koreans Expand Soybean Output By Planting Rice Paddy Dikes
10 Bolivia's Farm Production and Exports Set New Records in 1973 By Samuel O. Ruff
13 Crops and Markets

This week's cover:

Native Indian woman attending street produce stand in La Paz, the major city in the altiplano region of Bolivia. Agricultural production in this high Andean region of Bolivia is unique in South America. See article on page 10.

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U.S. Farm Exports Benefit as Saudi Arabia's Oil Income Soars

By JOHN B. PARKER
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SAUDI ARABIA—riding the crest of an economic boom fueled by striking gains in petroleum income—virtually tripled imports of U.S. agricultural products in 1973-74, compared with those of the previous year. A wider distribution of the country's wealth has also accelerated the demand for imported foods, so that U.S. farm sales are likely to continue strong.

But U.S. exports, who shipped about $100 million in farm products to Saudi Arabia in 1973-74, are competing with exporters in a number of other nations eagerly vying for this trade. Competing countries have boosted their sales of rice, frozen poultry, and processed foods at a spectacular rate. Saudi Arabia, which imports about two-thirds of its food supply, purchased $380 million worth of farm products in 1973, compared with $67 million in 1963. Value

Donkeypowered wells, above, still seen in many parts of Saudi Arabia, are being replaced by modern pumps and piping under agricultural development programs. Farm workers till a field in the Al Kharj region, top right, adding high-grade fertilizers to enrich the sandy soil. At Damman, right, a 7-mile rock causeway reaches to a huge pier where oceangoing ships unload their cargoes onto railway cars.

should top $500 million in 1974, partly because of very high rice prices.

Underlying the surge in U.S. agricultural exports is the rapid expansion of Saudi Arabia's economy, propelled by an estimated $20 billion in oil export revenues—almost triple the $7 billion of 1973.

Striking gains occurred in U.S. farm exports to Saudi Arabia during the first 10 months of 1973-74. Total U.S. agricultural exports during this period reached $82.6 million—up from $26.2 million in July-April 1972-73. Some of the big gains (with July-April 1972-73 in parentheses) were: Rice, $48.4 million ($11 million); wheat flour, $17.2 million ($7.1 million); and animal feed, $3 million ($1 million).

A variety of forces now operating in the Saudi Arabian economy is expected to sustain the rapid growth of U.S. farm exports.

• Marked gains in income and a wider distribution of petroleum revenues will greatly boost the purchasing power of consumers.

Per capita incomes in Saudi Arabia exceeded $1,000 in 1973, ranging from $5,000 in the Dhahran-Damman-Al Khobar metropolitan center, populated by many petroleum industry workers, to less than $500 in villages of subsistence farmers in the Asir highlands.

Even in rural areas, however, consumer purchasing power is rising apace with employment opportunities created by new programs to build roads, irrigation projects, schools, small factories, and food storage warehouses.

As oil profits sift down to the people living in villages and rural areas, changes in buying and eating habits are likely to occur. The expected improvement in living standards for rural Saudi Arabians will trigger a shift to wheat and rice in diets, as opposed to homegrown millet and sorghum. Progressively, this shift will free more animal feed for the Nation's expanding commercial livestock operations.

• The urban and immigrant population is expected to grow rapidly because of economic activity and industrialization generated by the tremendous petroleum revenues.

The urban population, which was 800,000 a decade ago, totaled about 1.5 million in 1973 of total population of 6 million. It could reach 2 million by 1977—swelled by an influx of skilled immigrants and laborers for construction projects. This tide of immigrants will benefit Saudi Arabia's economic development and add to demand for high-quality imported foods.

Last year, over 90 percent of imported processed foods were sold in urban areas, while over half of the rice and wheat imports were distributed in rural areas.

• Improved marketing facilities will make it easier for more Saudi shoppers to purchase U.S. foods.

In cities such as Dhahran and the major commercial center, Jidda, modern supermarkets have been constructed that stock a wide assortment of imported products, including many from the United States. New supermarkets are rising in the suburbs of Jidda, close to new factories also being built.

New grocery stores with refrigeration will allow millions of Saudi consumers to buy food products that previously were available only to the wealthier urban residents. Further, many families in Saudi Arabia are buying their first refrigerators.

As incomes rise, food purchases should shift dramatically from the traditional diet of cereals, dates, and seasonal vegetables to a higher quality diet containing more animal products and imported processed foods.

• Agricultural development projects are likely to spur rather than deter U.S. farm exports to Saudi Arabia.

AGRICULTURAL development programs are underway that could boost demand for imported coarse grains and other feeds for poultry and beef and dairy cattle. Imports of vegetable seeds and a variety of other farm inputs will also rise.

Bedouins and small farmers in Saudi Arabia own about 4 million sheep and goats, 1 million camels, and 400,000 cattle. New facilities to utilize hides and skins and make leather products will enable them to earn more income from their livestock and increase feed purchases.

Domestically produced nitrogenous fertilizer will be widely available to farmers, however, at lower prices than those prevailing on the world market. Using petroleum byproducts and natural gas, Saudi Arabia plans to construct new fertilizer factories and to export most of their output. The fertilizer factory operating near Al Khobar now provides supplies for India and Pakistan.

• Industrialization programs will spur demand for imported raw materials. New textile factories will create a demand for imported cotton, cigarette factories for leaf tobacco, and soft drink bottling plants for beverage base ingredients.

• Government programs to subsidize food imports will stimulate imports of rice, wheat, and other basic commodities, even during periods of high prices. Private food importers can now obtain supplies on a more regular basis, with Government financing.

• An increase in regular deliveries by international shipping companies from U.S. ports to Jidda is planned. This, plus recent innovations in containerized shipping, will facilitate shipments of U.S. rice, frozen meat, fruits, and vegetables to Saudi Arabia.

• The active participation of U.S. firms in construction of flour mills, bottling plants, and other new indus-

Saudi farmer loosens the soil around productive winter vegetable crops.

trial activities will provide a market connection for U.S. suppliers. Most food imports enter duty free.

Although the United States is sharing the rapid rise in Saudi Arabia's imports of some farm commodities, competing countries are scoring dramatic gains in other farm products. The extent and source of this competition differs for almost every commodity.

Rice. Saudi Arabia is the largest commercial market for U.S. long-grain rice, and about 98 percent of all rice consumed is imported. Only about 4,000 tons are produced domestically, most in the Hofuf oasis.

Saudi Arabia's rice imports in 1974 are expected to total about 250,000 tons, valued at more than $150 million. In addition to higher demand because of rising incomes, rebuilding of household stocks is bolstering sales. Many consumers purchase rice in 22-, 25-, or 100-pound bags.

Large Government purchases of rice this year are designed to ease a rice shortage that developed last summer. Rice stocks held by most private wholesalers and merchants were severely depleted, and consumers found it difficult to buy rice in late 1973.

In early 1974, a Government-to-Government purchase was concluded with Pakistan for 60,000 tons of Basmati rice at $833 per ton. U.S. long-grain shipped to Saudi Arabia during 1973-74 sold for an average $576 per ton. Government programs to subsidize food imports allow wholesalers and merchants to receive rice for considerably less than the price paid to foreign suppliers.

SAUDIA RICE IMPORTS reached a peak of 220,000 tons in 1971, when world supplies were adequate and prices were low. Wholesale merchants built up stocks in 1971, but imports fell below consumption in 1972 when only 167,000 tons were imported.

Wheat and wheat flour. Saudi Arabia's imports of both wheat and flour have risen markedly in the last decade. Australia has usually been the major supplier of wheat, while the United State has supplied most of the wheat flour.

In 1973, however, Australia's wheat deliveries declined to only 37,000 tons from the 115,000 tons imported in 1972. This shortfall was partially filled by imports from other sources. The United States shipped 35,000 tons of wheat to Saudi Arabia in 1973 for $4 million.

The shortage of wheat in 1973 also sparked a rise in wheat flour imports. Saudi Arabia imported more than 225,000 tons of flour in 1973, compared with about 180,000 in 1972. Major suppliers in 1973 were the United States, 114,000 tons; Netherlands, 51,000; West Germany, 25,000; and Australia and France, 13,000 tons each.

RECENT REPORTS indicate that Saudi Arabia's wheat harvest this year should rise some 100,000 tons above the 72,000 tons officially reported for the 1971 crop. Even so, local farmers supply less than one-third of the Nation's wheat and flour needs. Most wheat is grown under irrigation in the Asir highlands and under irrigation near Riyadh.

At present, the country's first modern flour mills are under construction near Jidda and Damman—the two major ports. Flour prepared from both imported and domestic wheat is now milled by grinders in small villages.

Livestock and meat. Imports of livestock and meat into Saudi Arabia exceeded $70 million in 1973.

The Sudan, Ethiopia, and Australia were important suppliers of sheep and lamb, valued at more than $25 million. These countries also exported live cattle valued at about $5 million.

Imports of frozen and chilled meat topped $11 million in 1973, and included 9,500 tons of frozen poultry worth $8 million. The Netherlands, Denmark, France, and Lebanon supplied most of the frozen poultry. The United States shipped 390 tons, worth $518,000—double the 1972 level.

U.S. exports of frozen turkeys and beef to Saudi Arabia increased markedly in early 1974. Americans working in the petroleum industry and their families living in Dhahran have been steady customers for U.S. frozen poultry and luncheon meats. However, the Saudis now account for most of the recent increase.

The economic boom generated by higher petroleum revenues should stimulate imports of frozen poultry, beef, and mutton tremendously.

Sugar and products. Sugar imports now exceed 100,000 tons annually, compared with only 31,300 tons in 1963. Taiwan, the USSR, and France are important suppliers.

New facilities to process bulk sugar

into small packages for consumers are under construction, and larger Government purchases of sugar on the world market are likely in the future.

Supermarkets in Saudi Arabia usually stock packaged U.S. sugar and various brands of U.S. honey. U.S. honey exports pushed up to over $29,000 in 1973-74.

U.S. exports of beverage base ingredients and syrups for use by bottling plants now total $2 million annually. Saudi Arabia is also a leading export market for U.S. canned soft drinks and a growing importer of European candy.

Coarse grains. Imports are increasing, reflecting expanding livestock feeding and poultry operations. Total coarse grain imports rose from 34,000 tons in 1969 to about 115,000 in 1973.

The United States shipped 7,000 tons of corn to Saudi Arabia in 1972 when deliveries from Thailand declined. Shipping problems reduced U.S. corn shipments in 1973, but a marked rise in deliveries is expected this year. Saudi Arabia's corn imports peaked at 31,744 tons in 1965, but have remained below that level during 1966-73. But new facilities to prepare poultry feed from imported corn will greatly increase import needs.

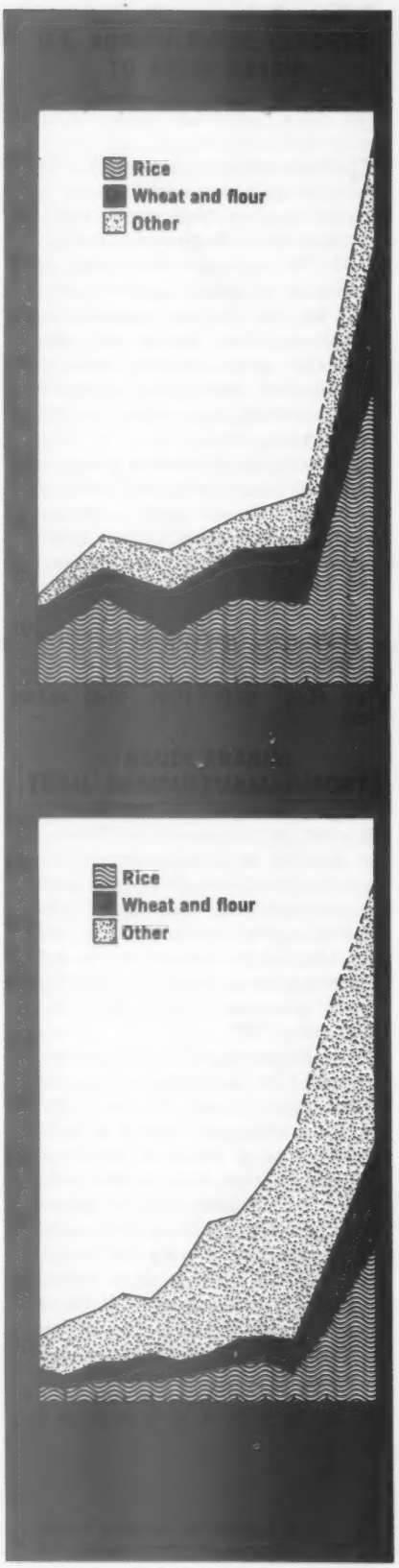
Imports of barley fluctuate widely, depending upon supplies available for export from Iraq, Syria, and some European countries. Barley imports reached a record 58,347 tons in 1967, but fell to only 8,797 tons in 1968. France sent 27,279 tons of barley to Saudi Arabia in 1971, accounting for about half of the total barley imports.

The Sudan usually exports over 30,000 tons of sorghum and millet to Saudi Arabia annually. Boats conveniently carry the grain from Port Sudan to Jidda and some smaller ports.

Saudi farmers harvested about 300,000 tons of coarse grains in 1973—about 50 percent above the level of the early 1960's. Most coarse grains are grown in small fields from Jidda to the Yemen border. Greater use of fertilizer and improved irrigation has helped farmers to increase yields. Sorghum accounts for about half of the coarse grains produced, barley for about 11-12 percent, and millets for most of the remainder.

Fruits and vegetables. Saudi Arabia comes closer to self-sufficiency in dates and winter vegetables than any other

Continued on page 9



SAUDI ARABIA: ESTIMATED GRAIN SUPPLY

Crop	1969	1970	1971	1972	1973	1974[1]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat and flour:						
Production	150	135	72	150	150	175
Imports	248	280	325	370	420	530
Supply	398	415	397	520	570	705
From U.S.	79	98	91	170	195	300
Rice:						
Production	3	3	3	4	4	5
Imports	151	233	220	167	158	250
Supply	154	236	223	171	162	255
From U.S.	68	63	53	79	71	125
Coarse grains:						
Production	292	324	347	357	300	370
Imports	34	47	88	110	115	180
Supply	326	371	435	467	415	550
From U.S.	—	10	17	7	1	20
Total cereals:						
Production	445	462	422	511	454	550
Imports	433	560	633	647	740	960
Supply	878	1,022	1,055	1,158	1,194	1,510
From U.S.	147	171	161	256	267	445
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Share of grain supply imported	49.3	54.7	60.0	65.9	62.0	63.6
Share of grain supply imported from United States	16.7	16.7	15.3	20.4	31.0	29.5

[1] Forecast.

Mexican Grain Crops To Expand But Large Imports Still Needed

BARRING unfavorable weather, Mexico's grain crops in 1974 are expected to score their second year of recovery from disappointing results of 1972. The expansion should bring new records to corn and sorghum production but will not even approach self-suffjciency. Thus, Mexico will remain a major grain importer—and U.S. market—with wheat imports expected to be especially heavy during the 1974-75 marketing year.

Encouraging production growth are increased support prices as the Government attempts to satisfy a domestic demand that in some cases is growing by over 10 percent a year. The strong demand—spurred by a combination of rapid population growth and higher incomes—has made this once-sizable grain exporter today the largest grain importer in the Western Hemisphere.

Wheat. Current estimates place the 1974-75 crop 5 percent above 1973-74's to 2.1 million metric tons—the direct result of an increase in area. In 1975, a significant increase in production is possible, perhaps as much as 10 percent, in response to strong prices. Such an increase would just about equal growth in domestic wheat consumption (10-12 percent a year). In early March 1974, the Mexican Government increased the support price for wheat to US$2.83 per bushel from the US$2.61 level set in November 1973.

The burgeoning consumption will sustain Mexico's large wheat imports of recent years. In fact, it now looks as if the country will import around 1 million tons of wheat in 1974-75, or 30 percent more than in the previous year. Over 400,000 tons of this—all from the United States—has already been purchased. During 1973-74, the United States supplied all of Mexico's imported wheat except for 40,000 tons from Canada and 16,000 from Africa.

Corn. Mexican 1974 corn production (for harvest mainly in October-November) could expand by 3-4 percent to a record 9.5 million metric tons. Laying the groundwork for growth, the Government recently upped the corn price support to the equivalent of US$3.05 per bushel—from US$1.91 in 1973—and increased the availability of credit.

If attained this will continue Mexico's rapid rebound from the drought-reduced 1972 crop of 8.1 million metric tons. That crop was followed by a bumper 9.2 million tons in 1973-74 as a favorable rainy season lifted production. With 80 percent of its corn raingrown, Mexico is accustomed to such fluctuations, which have periodically shifted it from deficit to surplus producer and vice versa.

For the time being, however, it looks as if Mexico will remain on the deficit side of production. CONASUPO —the Government purchasing agency— desires to build corn stocks to around 1 million metric tons, which would mean 1974-75 imports of roughly 400,000 tons of corn. However, these could fall to practically nothing if CONASUPO should decide to deplete stocks.

IN 1972-73, the country's corn imports soared to a record 1.3 million tons and may reach 1.2 million in 1973-74 (Oct.-Sept. marketing years). Practically all these were U.S. No. 2 yellow corn and most was used in tortillas, which led to some consumer resistance since tortillas are traditionally made from white corn. It is therefore possible that CONASUPO will try to import white corn in 1974-75—especially if a good South African crop materializes.

Sorghum. Production expanded in 1974—possibly by some 18 percent to about 2 million metric tons. Yields should return to normal if tropical storms do not cause damage during the current harvest as they have in the 2 previous years. Those crops, reduced by storm-induced shattering and sprouting in the important Tamaulipas producing area, totaled 1.2 million and 1.7 million tons in 1972-73 and 1973-74.

Mexican imports of sorghum in 1974-75 are forecast at 300,000 tons, against 200,000 in 1973-74 as demand increases from the developing livestock industry. (Sorghum is the primary feedgrain in Mexico, while corn and wheat are used largely for food.) As with corn and wheat, these imports come almost entirely from the United States.

Barley. Output in 1974 is seen increasing slightly to 210,000 metric tons from 200,000 in 1973-74 as yields—reduced last season by excessive rains —return to more normal levels. Quality should also rebound from last season's poor showing, which reduced barley available for malting purposes. That shortfall led to imports of an estimated 117,000 tons of U.S. malting barley in 1973-74, compared with only 27,000 tons the year before. For 1974-75 such purchases are forecast at around 50,000 tons and will again be entirely from the United States.

Oats. Production in 1974 is seen dropping slightly from the previous year's to 77,000 metric tons in the wake of a shift of some 25,000 acres of seasonal land to wheat. Imports of oats total only about 2,000-5,000 tons yearly, while none is exported.

One possible drawback to the anticipated crop expansion in Mexico is the worldwide fertilizer shortage, since Mexico depends heavily on imports of fertilizer and fertilizer ingredients—particularly supplies from the United States. Corn is grown with little or no fertilizer, so 1974 corn production will not be greatly affected. However, wheat does receive an application at planting time, and the crop planted in November 1974 could be adversely affected if fertilizer application rates are reduced.

Mexico's frantic attempts recently to bring production up to demand contrast sharply with the situation a few years ago. With extensive technological help in developing dwarf varieties of wheat, the country was able to move from a deficit position to a surplus of over a half a million tons of wheat by 1967. Similar rapid growth also took place in corn production, and the country by the mid-1960's was exporting over a million tons of corn a year.

BUT WITH THAT expansion came losses to the Government because of high support prices and export subsidies, as well as transportation bottlenecks and overflowing storage facilities. These forced the Government to discourage wheat and corn output through lower price supports and other measures.

Conditions were developing, however, for the current explosion in demand, which came just about the time the country had finally worked production back down to self-sufficiency.

—Based on a report from
Office of U.S. Agricultural Attaché
Mexico City

World Output Of Castorbeans Up in Response To Price Shifts

STRONG UPWARD price pressures are pushing world castorbean production to record levels. But current industrial demand for castor oil is lagging behind the surge in output, and substantial stocks of oil are being accumulated in major producer-exporter countries.

The tight castorbean market conditions that prevailed in 1973 are still present, and the outlook now is for further production gains in Brazil—where almost half of the world's castorbean production is located—as well as in India and Thailand, the second- and third-ranking castorbean producing countries, respectively.

Castorbean production thus is riding the world trend toward expanded output of all oilseeds. Not only are such products as plastics, fungicides, and urethane foams requiring a large volume of castor oil, but the tight world petroleum situation is resulting in the substitution, in a limited number of situations, of castor oil for petroleum as a lubricant in certain types of industrial machinery, as well as in aircraft.

World castorbean output is relatively small in relation to other oilseed crops —amounting to less than 1 million tons annually.

Brazil's 1973 castorbean crop is expected to yield about 400,000 metric tons, a strong 51 percent above 1972 production, according to Charles J. O'Mara, U.S. Agricultural Officer in São Paulo. And assuming favorable growing conditions, 1974 outturn of 450,000 tons is forecast, due to higher producer prices and a 15-20 percent increase in total planted area. This higher level of production is expected to result in increases in stock levels of both beans and oil.

Exports in 1973 are estimated at 160,000 tons, 26 percent above the 1972 total. A minimum export price (MEP) of US$850 was established by the Bank of Brazil in May. The MEP is expected to have a stabilizing effect on bean production and on castor oil exports, O'Mara reports. He summarizes the outlook as follows: High producer prices wil bring about greater expansion of plantings, and larger production will make possible higher stock levels of both beans and oil. However, it is evident that some producers are not benefitting from the existing MEP, and are talking of giving up castorbean crops.

In India, total production in the 1973-74 fiscal year currently is estimated at 210,000 metric tons, reports Oldrich Fejfar, U.S. Agricultural Officer in Bombay. In October an outturn of only 175,000 tons had been expected. The higher figure was adopted by the All-India Convention of Oilseeds and Oils Trade and Industry after a review of good weather conditions, the 10-15 percent increase in total planted area, and the new hybrid varieties of castorseed introduced in recent years. The average extraction rate of castor oil has increased by about 40 percent as a result of the new improved varieties now being grown.

Exports of castor oil from India in calendar 1973 totaled about 50,000 metric tons, an alltime record. The Soviet Union was the largest purchaser, followed by European Community countries and the United States. Exports in calendar 1974 are expected to be even larger, and currently are forecast at 55,000-60,000 metric tons. The larger volume of exports seems likely because of the good crop position and the lower Indian prices of castor oil vis-a-vis world prices.

Prospects for a strong export volume of castor oil in calendar 1974 are bright. Strong buying interest by overseas markets is noted, although actual business early in 1974 was limited. India's total exports in 1974 may be 55,000 metric tons or more, compared with the 50,000 tons estimated for 1973. Exports to Communist countries are expected to amount to about 22,000 metric tons, which would be about the same level as in 1973.

Prices of castorseed and castor oil in India rose sharply during the January-March 1973 period, due chiefly to the decline in the Brazilian crop and a boom in world prices. As the Brazilian floor price was much higher than the prevailing price in India, there was room for some upward movement in Indian prices without impairment of export business.

Indian prices were held down by soft foreign demand in the first half of 1973, and also by the Government's decision to channel exports of medicated castor oil—previously not under trading restriction—through the State Trading Corporation (STC). Prices of Indian castor oil being lower than world prices, shippers made huge profits by exporting large quantities of castor oil claimed to be medicinal oil. About 15,000-20,000 tons of castor oil may have been shipped from India in 1973 as medicinal oil.

Most Indian castorbean production is in Andhra Pradesh. A new high-yield seed, Aruna, has been yielding about 0.8 metric tons per acre—about 60 percent more than the traditional variety. Under optimum conditions, yields of more than 1.2 metric tons per acre have been obtained. Much of the total Indian production increase is due to the Aruna variety.

Thailand's 1974 crop of castorbeans is estimated at about 50,000 metric tons, reports Guy L. Haviland, Jr., U.S. Agricultural Attaché in Bangkok, up slightly from the 1973 estimate of 47,000 tons. These outturns reflect a strong comeback from the drought-affected 1972 crop of 25,000 tons.

EXPORTS IN 1972-73 were a modest 23,270 tons, due to low production and inferior quality beans. And estimates of 1973-74 exports are for shipments not much larger. Exports in calendar 1973 were not as high as had been expected, even though export quotations were high. Domestic consumption of castorbeans for local extraction of oil is increasing, which also reduced the quantity of beans available for export. In the first 10 months of 1973, exports totaled 22,204 tons. Exports during the 2 final months of the year were slow, as buyers held off from signing long-term contracts and concentrated on short-term purchases in the expectation of larger supplies in the coming season.

Castorbean cultivation in Thailand depends entirely on prices and market demand—both foreign and domestic. During 1973, the Government initiated no programs related either to bean production or development. Castorbean cultivation is merely a supplementary cash crop which provides some addition to farm income. Haviland believes Thailand will need several years to overcome the recent production setbacks, even if the Government decides to make castorbeans one of the main export commodities.

Koreans Expand Soybean Output By Planting Rice Paddy Dikes

THE REPUBLIC OF KOREA, which doubled its imports of U.S. soybeans last year, is again promoting a program to boost domestic oilseed production by planting soybeans on rice paddy dikes.

This practice, which was mandatory under the Japanese occupation, had been abandoned until revived last year. In 1973, "dike-bean" acreage was estimated at 86,485 acres, well above the total rise in soybean planted area of 69,188 acres.

In 1973, Korea imported some 81,000 metric tons of soybeans, all from the United States, and more than double the 38,680 tons imported in 1972. However, despite Korea's plans to bolster domestic oilseed production, permanent market growth for U.S. soybeans can still occur.

One soybean crushing plant could use all the soybeans the new planting program would produce.

Soybeans led all other Korean oilseed crops by far last year. Acreage rose by 10 percent to total 769,963 acres, while production was reported at 245,822 tons. The advance in planted area was largely accomplished by the mass revival of soybean planting on dikes surrounding rice paddies. The Ministry of Agriculture and Forestry (MAF) estimates that the maximum area for dike-beans now ranges from 93,900 to 135,900 acres.

Field observations of the dike-bean plants proved impressive—the vivid, emerald-green rice paddies were framed with the equally vivid, blue-green soybeans. But a closer inspection of the dike-beans during the mid-summer rice harvest told a somewhat different story. Many of the soybean plants had disappeared and those remaining bore only a few beans.

One source advised the U.S. Agricultural Attaché that the soybean blossoms and young pods had been eaten by frogs! Subsequently, it was learned that a significant portion of the crop had been harvested daily in the summer to be consumed as a cooked, green vegetable, much as Americans eat lima beans.

Korea's total oilseed production last year reached an alltime high of 293,000 tons—8 percent more than in 1972 and 3 percent over the 1971 record, according to MAF reports.

Production goals for 1974 envisage a 56 percent increase in oilseed production for a total of 458,000 tons. Of the total, soybeans alone are slated to account for 82 percent of the goal. Higher output is also planned for rapeseed, peanuts, castorbeans, and sunflowers.

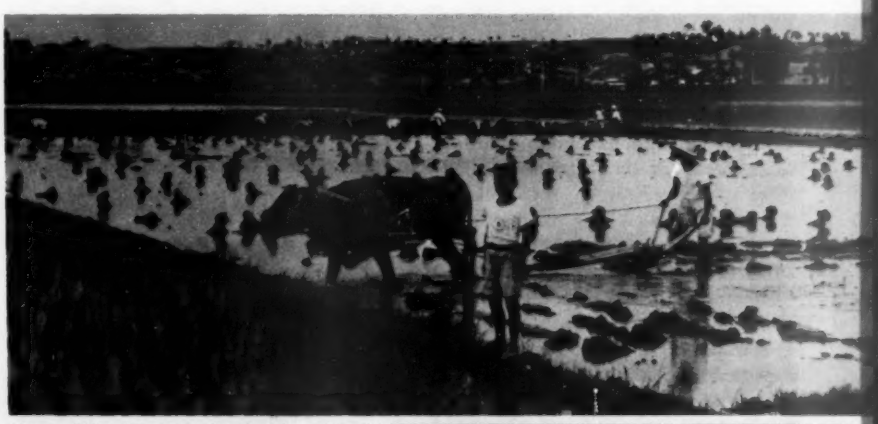
Soybean outturn in 1974 is targeted at 323,000 tons, a gain of 31 percent, with area planned at 946,000 acres, an increase of 23 percent over 1973. If achieved, the rise in soybean acreage could come at the expense of other crops, although some area is to come from village wastelands, military compounds, school gardens, and other sites.

The optimistic projections for soybeans in 1974 may be supported by the reported difficulties that farmers are having in obtaining fertilizers. Fertilizer allocations for competing crops, such as vegetables, have a low priority and there is reason to believe fertilizer prices may rise—factors which could motivate more soybean planting.

In addition, seed from the improved "KwangKyo" variety of soybean, which shows a 20-percent higher yield experimentally, will be distributed to farmers this year. Dike-bean production will again be promoted by MAF.

On the other hand, vegetable prices are high and returns to farmers are favorable. Additionally, Korean farmers are rather cautious about substituting new crops on upland fields—which could impede the increases projected for some oilseed crops.

Korea's ambitious plans for 1974 and beyond indicate renewed attempts to reach oilseed self-sufficiency, probably motivated largely by the international protein-oilseed shortages of 1973. The goal for 1981 places total oilseed production at 546,000 tons—86 percent above the 1973 record—with soybeans at 419,000 tons representing 77 percent



Many of the dikes that border Korean rice paddies such as those shown above and right are now planted in soybeans—a practice that was mandatory under the Japanese occupation, but which had been abandoned until revived last year. The rise in acreage planted to "dike-beans" was well above the total rise in soybean planted area in 1973 and is part of an intensive program to boost domestic oilseed production. At the same time Korea doubled its imports of soybeans—all from the United States.

of production. The oilseed acreage goal for 1981 is 1.3 million acres, 19 percent over the 1973 area of 1 million acres.

But soybeans were not the only Korean oilseed crop to shatter records last year. The sesameseed harvest was also a record, with 17,000 tons produced on 86,500 acres. Last year's area represents a 51 percent gain over the average of the past 5 years.

Perilla production in 1973 was 7,000 tons, about the same as the previous year, while peanut outturn was 3,600 tons, down slightly. Plans for 1974 call for a 56 percent larger peanut crop at 5,500 tons. The castorbean harvest gained a little in 1973 to 1,400 tons, and plans for 1974 call for a 78 percent larger crop—2,500 tons—from 40 percent more acreage.

Korea's rapeseed crop of 18,000 tons in 1973 was the lowest in 5 years. Planted area has declined for the past 3 years. Farmland on Cheju Island and in Southern Korea where rapeseed has been grown is shifting to other crops—mainly vegetables and, on Cheju-do, to orange groves. Nevertheless, the 1974 agricultural production plan calls for a 72 percent increase over 1973 production with 31,000 tons from 57,800 acres.

SUNFLOWER PRODUCTION in 1973 was up 300 percent over 1972, but the crop totaled only 660 pounds. However, both castorbean and sunflower production are receiving emphasis in Korea's "New Village Movement." MAF is importing improved seeds that are distributed free of charge to farmers, and the Government guarantees to purchase 100 percent of production. With these incentives, the 1974 plan envisages a 7,000-ton sunflower crop.

Korea's total consumption of oils and fats in 1973 is estimated by MAF at 84,800 tons of vegetable oil and 50,000 tons of animals fats. This represented a whopping 17 percent increase over 1972, with oil up 10 percent and animal fat up 22 percent.

Nearly all of Korea's soybean production is consumed as food. Industry sources estimate that 70 percent is used in homes for making soy sauce and paste, 20 percent for bean curd, and 10 percent for bean sprouts.

Market prices for sesameseed oil were unchanged in 1973, while prices for other oils almost doubled.

—Based on report from *Office of U.S. Agricultural Attaché, Seoul*

U.S. Farm Trade With Saudi Arabia Tripled in 1973-74

Continued from page 5

crops. Problems in marketing, transporting, and home storage have limited sales of imported fruits and vegetables, however. The new $200-million airport at Jidda will have facilities to handle more produce transported as air freight.

Imports of fresh fruit have shown a marked uptrend during the last decade. Banana imports now exceed 40,000 tons annually—quadruple the level in the early 1960's. Latin American suppliers and India are sharing in this growth.

Imports of oranges increased from 12,490 tons in 1963 to 35,298 in 1970. Rising output from orange groves near Jidda and along the Red Sea coast caused imports of oranges to stabilize near the 1970 level during 1971-73.

Lebanon and Italy are predominant suppliers of apples and lemons. Imports of apples declined from a peak of 21,027 tons in 1968 to about 12,341 in 1970 because of smaller deliveries from Lebanon. New marketing facilities and regular air freight deliveries will provide opportunities for boosting U.S. sales of fresh fruit.

Lebanon, Egypt, and Iran are important suppliers of fresh grapes. Imports of grapes from India in March and April 1974 were up sharply from previous levels. Iran is the major supplier of raisins. Saudi Arabia exports dates and winter vegetables to Kuwait and Gulf sheikdoms.

Egypt, Jordan, and Iraq provided most of the 15,000 tons of potatoes imported in 1973. Sales of U.S. packaged and dried potatoes are rising.

Imports of pulses also approximated 15,000 tons last year. The Sudan, Egypt, India, and the United States were major suppliers. Imports of dried and canned beans and peas from the United States exceeded $200,000 in 1973-74.

Canned fruit juices are very popular in Saudi Arabia because they can be carried on desert caravans and because the use of alcoholic beverages is prohibited. Egypt's sales of fruit juices to Saudi Arabia now approximate $1 million annually—with mango juice accounting for about half of the sales. India is also an important supplier of mango juice.

Exports of U.S. fruit and vegetable juices to Saudi Arabia doubled in 1973-1974—surpassing $1 million, of which about one-third was tomato juice. U.S. exports of tomato puree to Saudi Arabia jumped from $6,000 in July-April 1972-73 to $101,000 in the first 10 months of 1973-74.

Oilcake and blended animal feed. India, Thailand, the United States, and the Sudan have increased deliveries of oilseed products and blended animal feeds. The United States sent about 10,000 tons of poultry and dairy feed to Saudi Arabia in 1973-74, double the 1972-73 level.

Beverage crops and spices. South Asia and Yemen provide most of Saudi Arabia's imports of tea, coffee, and spices. Tea imports range between 4,000 and 7,000 tons annually, with Sri Lanka and India the major suppliers. Ethiopia, Yemen, Brazil, and India are the source of most of the coffee imports, which range between 6,000 and 10,000 tons annually.

U.S. exports of instant coffee and cocoa to Saudi Arabia exceed $250,000 annually. Saudi Arabia is India's leading export market for cardamons.

U.S. exports of peanut butter to Saudi Arabia during July-April 1973-74 reached $216,000—triple the previous level. During this period, U.S. exports of soybean salad oil reached $211,000, compared with only $8,000 in 1972-73, and blended vegetable oils scored a tenfold increase.

The Sudan sends over 20,000 tons of sesameseed annually to Jidda for crushing by a vegetable oil factory. The Sudan and India also ship over 3,000 tons of peanuts to Saudi Arabia annually.

Dairy products and eggs. Saudi imports of milk preparations reached 8,500 tons in 1973—double the 1971 levels. Programs to provide more free milk for school children will boost imports of powdered milk. U.S. exports of fresh milk to Saudi Arabia approximated $500,000 in 1973-74—triple the value and double the quantity of the previous year.

The Netherlands, Denmark, and France are important suppliers of imported dry milk—more than 7,000 tons annually. They are also the major source of the 6,500 tons of cheese imported each year. U.S. cheese exports to Saudi Arabia are valued at $100,000 annually. Denmark, Australia, and New Zealand account for most of the 3,000 tons of butter imported.

Bolivia's Farm Production and Exports Set New Records in 1973

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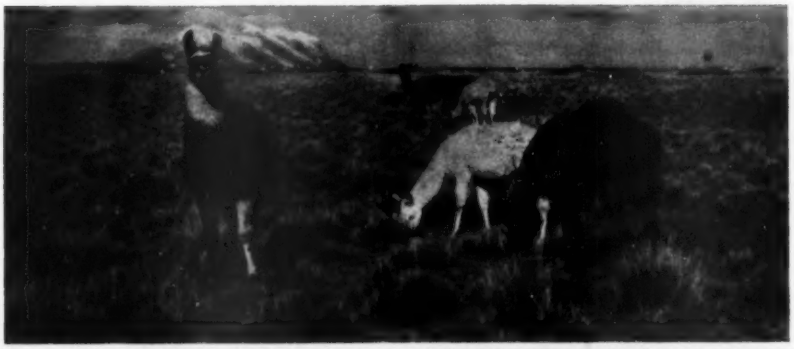

Llamas and alpacas grazing on altiplano plateau, top, near La Paz, Bolivia. Mt. Illimani, altitude 22,000 feet, is seen in background. Native altiplano Indian woman, left, selling pottery utensils in street market of La Paz. Campesino plowing with yoked oxen, above, in rugged terrain of Bolivia's altiplano. Agricultural production in the altiplano, located between two ranges of the Andes, supplies 70 percent of Bolivia's domestic food needs.

BOLIVIA'S FARM PRODUCTION and exports reached a new high in 1973, as commercial production boomed in the country's subtropical east. The stagnant agriculture of the highland "altiplano" showed little change, but continued to supply 70 percent of Bolivia's domestic food needs.

Commercial agriculture has developed rapidly in eastern Bolivia, or lowlands, and in 1973 provided sufficient output of cotton, sugar, and beef to push the country's farm exports to $35 million. The oil boom of the 1960's brought a big increase in population to this region and the road from Cochabamba to Santa Cruz, sponsored by the U.S. Agency for International Development (USAID), made it possible to market lowland rice, sugar, and cotton in Cochabamba.

Bolivia's farm exports have grown from $7 million in 1969 to $12 million in 1971 and $23 million in 1972. The major farm export items in 1972 were: Cotton, $7.6 million; beef cattle, $4.7 million; coffee, $4.2 million; beef, $3.4 million; and Brazil nuts, $1 million.

Although eastern Bolivia is experiencing tremendous agricultural growth, the country continues to need farm imports, principally wheat, to meet domestic requirements. The United States is the main supplier of wheat and Argentina supplies mostly flour.

U.S. wheat exports to Bolivia in 1972 totaled 70,916 tons, valued at just over $4.4 million. However, in 1973 total U.S. exports to Bolivia dropped to $5.2 million from $7.7 million the previous year, probably due to a delay in 1973 wheat shipments.

Three other U.S. farm exports to Bolivia in 1973 in order of value were: Cottonseed, $293,000; smoking tobacco, $271,000; and hops $176,000. Two U.S. relief items of high dollar value last year were soybean salad oil at $280,000 and corn-soy-milk blend (CSM) at $178,000.

Bolivia's lowlands, often referred to as simply Santa Cruz, occupy 60 percent of the country and include the Departments of Santa Cruz, Beni, and Pando. Expansion of agricultural production in this area has been assisted by credit for large investments from Bolivia's Banco Agrícola and Brazilian and U.S. banks.

Bolivia has had greater success than Peru or Ecuador in breaking the nearly impenetrable jungle barriers to the Amazon. Production in the Santa Cruz

Department, in fact, is more than a match in cotton, sugar, and rice, with that of Para, the large Brazilian State at the river's mouth. Bolivia's Santa Cruz Department has the advantage of a more temperate climate since it is further from the equator than the Brazilian Amazon area.

The land tenure pattern of Santa Cruz is characterized by medium and large holdings and cooperatives. But farm labor was so scarce in 1973 that the Government assigned army units to assist in cotton and sugarcane harvesting.

A combination of recurring wet conditions, some diversion of land to soybeans and wheat, and the shortage of cotton pickers have reduced Bolivia's 1973-74 outturn of lint cotton to 150,000 bales (480 lb. net), compared with last season's 165,000 bales. Despite these adverse conditions, average yield remained essentially unchanged at roughly 530 pounds of lint per acre.

The Bolivian Cotton Growers Association (ADEPA) imported large quantities of cottonseed from Louisiana for the crop planted in November. Outlook for the 1974 crop is an increase in area from 135,000 acres to perhaps as many as 155,000 with production of approximately 175,000 bales.

Rice, the major food crop of the lowlands, was down 10 percent in 1973 to 68,500 tons of paddy, partly because all available land was diverted to cotton. Bolivia developed a rice support program in the latter part of the 1960's and now provides credit to growers through the Banco Agrícola, which buys the harvest at the price set by the Government. Rice silos were built in Santa Cruz city in 1973.

The third important product in the lowland area is sugar. Production was up 50 percent in 1973 to a record 174,000 metric tons. This marked a total recovery from the 1971 drop in production to 80,000 metric tons, following nationalization of the sugar refineries and diversion of sugar land to cotton.

The new Government in 1972, however, returned sugar mills to private owners and raised the retail price of sugar from $6 to $7.50 per 100 pounds as an incentive to growers.

To accommodate the increased sugar production, Bolivia is expected to have a new 40,000-ton mill completed at Bermejo in 1974 and a $17 million mill at Alto Beni in 1975 that will raise production by another 55,000 tons.

Soybeans and root crops also add to the economy of Bolivia's lowlands. In 1972, farmers in Santa Cruz rapidly increased the area in soybeans from about 2,500 acres to 18,000-20,000 acres. Brazil was unable to fulfill a commitment to supply seed in October 1973, which resulted in seed imports from Paraguay and elsewhere.

Of the root crops, cassava is the staple of the subtropical lowlands. Production for 1973 was 210,000 tons.

The livestock population of the lowlands accounted for almost all of Bolivia's cattle: Beni 2.2 million head; Santa Cruz, 800,000; and the remainder of the country, 600,000 head.

THE POTENTIAL FOR additional range feeding in Santa Cruz is estimated to be at least 8 million head, and a Food and Agriculture Organization (FAO) mission is recommending a $3 million project for clearing 55,000 square kilometers of well watered area near Bolivia's Rio Grande river. In addition, a World Bank loan has financed cattle development and 10,000 Zebu(nelore) cattle were scheduled to be imported from Brazil in 1973.

Agricultural production in the Bolivian altiplano, located at an average altitude of 12,000 feet between two ranges of the Andes, is unique in South America. The primitive subsistence farming and land tenure pattern of very small holdings (minifundia) is a residual fragment of pre-Colombian America. The population is 65 percent native Indian, 5-15 percent European, and 20-30 percent of mixed nationality.

Altiplano agriculture has been stagnant for generations and the only drastic change of this century was the 1952 agrarian reform that divided the large landholdings among the native Indian small farmers.

Three of the six main crops produced in the altiplano are indigenous: Potatoes, corn, and quinoa; the others are wheat, beans, and barley. Of these staples, corn and wheat are grown in the warmer penetrating valleys.

Potatoes are the most important of the staple crops and 40 varieties are native to the area. Farmers prefer potatoes to wheat because of better cash returns in an assured market. Production of 723,000 metric tons in 1973 followed a drop to 703,000 metric tons caused by the drought of 1972.

Corn, which can grow only in the penetrating valleys, was 305,000 metric tons in 1973. The Government reported an additional 96,000 tons of green corn under the vegetable list. Bolivia provides credit for corn production inputs through the Banco Agrícola.

Quinoa a nutritious high-protein grain, has an average annual production of about 10,000 metric tons. Barley production in 1973 was 72,400 metric tons and dried beans, 14,000.

The campaign to increase wheat pro-

Aerial view of La Paz, Bolivia, which is situated between two ranges of the Andes Mountains, at an average altitude of 12,500 feet.

duction has been only partly successful. Domestic production at 57,000 tons in 1973 was 186,000 tons short of the 243,000 needed for domestic consumption. Bolivia's National Wheat Institute campaign, which began in the late 1960's raised wheat production to a record 68,500 tons in 1971, but is unlikely to reach its goal of 102,000 tons by 1975. A 37 percent drop in production to 50,000 tons in 1972 was followed by a 12 percent increase to 57,000 tons in 1973.

The Government's efforts in 1972 to maintain low consumer prices for flour was a disincentive to production. Poor pricing policies were considered the main obstacle in 1973 when the world wheat shortage and high prices made the problem urgent. As a result, the Government raised the producer price of wheat three times during the year to US$163 per ton of soft wheat ($b20 to US$1).

Bolivia has improved its 1974 wheat campaign with radio and press announcements and an ample supply of credit to regional banks. Excessive rains in 1974, however, have delayed planting to such an extent that a reduction in the harvest is anticipated.

Only a touch of the Green Revolution has reached Bolivia. Mexican dwarf, Jaral, was introduced on about 5,000 acres in 1970 with yields twice that of native criollo wheat, but seed reproduction will take a number of years.

Mutton production in the highlands was 48,000 tons in 1973 but sheep have overgrazed the altiplano. A team from Utah State University is developing an integrated vertical program for sheep, mutton, and wool production. Milk production, concentrated in the dairy farming valleys near Cochabama, was 115,000 metric tons in 1973.

BOLIVIA'S TRANSITIONAL areas between the mountains and the lowlands are the smallest in area but are the most interesting because the penetrating warmth of these valleys favors more diversified agriculture. The Yungas are penetrating valleys on the eastern slopes of the Andes where a warm Mediterranean climate favors growth of coca, coffee, bananas, citrus fruit, pineapples, and avocados. Cocoa is grown at the lower areas of the transitional regions.

The Chapare valley of the Yungas, north of Cochabamba, produced 112,000 tons of bananas and 235,000 tons of plantains in 1973.

Cochabamba is the market in the middle of two large valleys that penetrate all the altiplano where Bolivia's dairy and poultry industry are concentrated. Corn is the major grain produced in this valley. Coffee had a 1973 production level of 12,400 metric tons. (A figure of 5,100 tons of coffee was submitted to the International Coffee Organization, but the larger figure is assumed to be the volume of coffee cherries; the smaller figure, coffee beans.)

Another of the transitional zones is the temperate valley of Tarija Department near the Argentine border where wheat and grapes are produced.

Bolivia's agricultural exports from the subtropical lowlands and the Yungas transitional zone have emerged as a major asset to the country's economy since 1970.

Cotton exports in calendar 1973 earned an estimated $18 million for about 114,000 bales. Transformation of Bolivia from a cotton deficit country in 1968 began with exports of only 2,440 bales in 1969, then climbed rapidly to 27,760 bales in 1971 and 49,910 bales valued at more than $7.5 million in 1972.

Cotton earnings would have been higher in 1973 if a large part of the crop had not been sold forward at 36 cents per pound before prices went up. The February 1974 forward price of 72 cents per pound has caused farmers to increase planted area for the next cotton crop.

Exports of beef and live cattle in 1972 were valued at $8.2 million. In 1973 Bolivia allocated exports of 48,000 head of cattle (equivalent to 9,600 tons of beef). Exports for 1973, however, may be as low as $5 million.

Extreme fluctuations in Bolivia's sugar exports occurred after 1970 due to political interference, such as nationalization of refineries, but the outlook now is for consistently higher levels of exports.

Prior to 1971, Bolivia's sugar exports seldom exceeded the U.S. preferential quota of about 8,000 metric tons. The 1971 nationalization not only made Bolivia unable to fill the U.S. quota, but resulted in imports of 40,000 metric tons in the first months of 1972 from Brazil.

With the change in Government policy, Bolivia's sugar production recovered completely in 1973 and provided sufficient output for exports as follows: Chile, 35,494 metric tons; Uruguay, 13,000; and the U.S. preferential quota 6,900 metric tons (7,606 short tons). The October price of 9.56 cents per pound would have yielded earnings of nearly $10 million, but the Chilean commitment may have been made at an earlier date.

U.S.-EGYPT TOBACCO TRADE IS REACTIVATED

A combined program recently approved by the United States provides for the sale of about $14.5 million of U.S. tobacco to Egypt. About 9.4 million pounds—$10 million of the total—is under a P.L. 480, Title I dollar credit agreement signed in Cairo on June 7. A Commodity Credit Corporation credit program accounts for the remainder.

In the mid-1960's Egypt was importing 16-18 million pounds of U.S. tobacco annually and products made from it were gaining in popularity. Then war came to Egypt in 1967, and from that time until the recent resumption of diplomatic relations, U.S. tobacco trade with Egypt amounted to only a few million pounds annually.

Now, however, Egypt has been reopened as a principal U.S. tobacco market. Sales under the P.L. 480 Title I agreement—the first signed with Egypt since 1966—will be made by private U.S. traders on a nondiscriminatory basis, and purchase authorizations will be announced as issued. The supply period is fiscal 1975.

During the P.L. 480 negotiations, the Government of Egypt announced that it would use proceeds from the sale of the tobacco for agricultural self-help measures. These include giving priority to agricultural development, emphasizing internal marketing and distribution systems, accelerating food crop research, and improving collection and analysis of agricultural data.

With the signing of the agreements, the previous level of trade will be resumed, and Egypt will soon be purchasing its normal requirements of U.S. leaf. American-blend type cigarettes have been popular in Egypt in past years, and the Egyptian tobacco industry has indicated a keen interest in resuming production of this high quality variety of cigarettes.

CROPS AND MARKETS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 2	Change from previous week	A year ago
	Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:			
Canadian No. 1 CWRS-13.5	5.64	+ 1	(1)
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.44	−22	3.60
15 percent	(1)	(1)	3.70
U.S. No. 2 Hard Winter:			
13.5 percent	5.17	− 4	3.56
No. 3 Hard Amber Durum	7.17	− 6	4.02
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.46	+ 5	3.01
Argentine Plate corn	3.76	+ 9	3.42
U.S. No. 2 sorghum	2.90	− 1	2.90
Argentine-Granifero sorghum	2.92	− 1	2.91
U.S. No. 3 Feed barley	2.93	+ 2	2.48
Soybeans:			
U.S. No. 2 Yellow	6.35	−10	8.44
EC import levies:			
Wheat[3]	[4] 0	0	1.06
Corn[5]	[4] 0	− 6	.41
Sorghum[5]	[4] .46	− 9	.49

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

USDA Sees Soviet Crop Prospects on Target

Prospects as of late June for grain production in the Soviet Union still pointed toward attainment of the overall goal of about 205 million tons.

The U.S. Department of Agriculture's estimate of 1974 Soviet wheat production has been reduced by 5 million tons to 95 million, owing to dry conditions and reduced seedings in some spring wheat areas. On the other hand, prospects are favorable in most areas for winter wheat and spring barley—the major feedgrain. The USDA estimate of the four major coarse grains—barley, oats, corn, and rye—has been revised upward from 89 million to 95 million tons. The reduced estimate of wheat output does not necessarily imply any increased trade requirements, since a large share of wheat grown in the USSR is fed to livestock.

By June 10, spring crops had been seeded on about 360 million acres, slightly above the planned area on Soviet collective and State farms. Small grains and pulses occupied some 225 million acres and corn for grain was planted on about 11 million acres.

Spring seeded area of small grains was several million acres less than in 1973, but the cutback was compensated by the larger area of winter grains. Total grain area is believed similar to the 1973 level. Based on the seeding reports, spring wheat area is down about 10 million acres.

Precipitation in May generally was heavy in the European USSR, but moderate to light east of the Urals. Reports of hot, dry weather in Altay Kray—an important grain-producing region of Western Siberia—were noted frequently. On the other hand, precipitation probably was excessive in much of North European USSR.

Temperatures were cool in European USSR and widespread frosts during the month extended southward as far as the Ukraine, possibly causing some crop damage.

During the first 10 days of June, precipitation was relatively light except in the western oblasts in the Upper Volga.

The stage of crop development in early June reportedly was close to average in South European USSR, but a week to 10 days behind in the North European area.

Improved Outlook For Canadian Wheat Crop

Late Wheat Pool crop reports from Alberta and Saskatchewan, Canada, indicate considerable planting progress during the 10-day period ending June 13. As a result, a Canadian Wheat Board spokesman predicted that planted acreage in the Prairie Provinces may exceed 23 million acres. In combination with an additional 700,000 acres in other parts of Canada, total planted acreage would be around 24 million acres.

The Wheat Board spokesman assumed an average yield of 25 bushels per acre to project Prairie production at 575 million bushels. Using the same yield for the other provinces, total production would be 600 million bushels, which compares with a Foreign Agricultural Service projection of 606 million bushels. While lateness of the season could reduce yields, the 20 percent reduction in the wheat crop, which was earlier predicted by the Wheat Board, no longer seems likely.

COTTON

Brazil Lifts Raw Cotton Export Restrictions

With the issuance of communique No. 476 during the week ending June 7 the Foreign Trade Division of the Bank of Brazil (CACEX) abolished quotas on exports of Southern 1973–74 crop and Northern 1973–74 and 1974–75 crop styles. Restrictions remain on Southern 1972–73 crop remnants and export sales continue to be subject to prior registrations with CACEX.

This latest action by CACEX follows heavy rain damage to the 1973–74 Southern crop (harvested between March and June), that made it unsuitable for the domestic textile industry, and also eliminated the need for quantitative export restrictions. Official concern over spiraling lint cotton prices and strong export demand, as well as a determination to closely monitor domestic supplies of industrial raw materials to encourage their processing and export as manufactured goods, led to the initial suspension and later piecemeal allocation of raw cotton exports by CACEX (reported in Crops and Markets, April 1, 1974). The weather-related shortfall may be partly offset by the importation of about 20,000 bales of the longer staple varieties. In the past Brazil has gone to the international market to supplement shortfalls in domestic production. Imports for such purposes traditionally have come from Peru, the United States, and Colombia, although shipments have also come from Egypt and Argentina.

TOBACCO

Chile Raises Cigarette Retail Prices

In early June, the Government of Chile increased the retail prices of cigarettes.

The new prices range from 104.5 percent higher for one brand of superlong cigarettes to 133.3 percent on filter-tip cigarettes. The average price of most cigarettes with filters ranged from an increase of 104.5 percent (from 31 U.S. cents to 63 cents) to 115.4 percent (from 18 U.S. cents to 39 cents). The old prices had been in effect since early February 1974. Since then, cigarette prices reportedly have risen about 120 percent.

Spain To Manufacture U.S. Cigarettes

During the annual stockholders meeting of the Spanish Tobacco Monopoly in late spring, the Chairman of Tabacalera, S.A., reported the company is considering manufacturing in Spain, under license, popular U.S. cigarette brands.

The Chairman of the Peninsular Monopoly also reported the construction of two new plants that will produce 660 million packs of cigarettes and 400 million cigars annually.

The United States shipped Spain 3.3 billion cigarettes, worth $21 million in 1973. Spain is the third largest market for U.S. cigarette exports.

FRUIT, NUTS, AND VEGETABLES

EC May Reduce Duties On Farm Commodities

The European Community Commission has adopted and submitted to the Council a proposal to temporarily reduce EC duties on a number of agricultural commodities. For many of the products, the duty reductions simply continue reductions expiring June 30.

Farm products involved include fresh or dried oranges, dates, cashew nuts, dried apricots, bilberries, and rose hips. Almonds, under a duty reduction until June 30, 1974, were not included in the Commission's proposal.

The proposal calls for the following suspensions with previous rates in parentheses: Bitter or Seville Oranges, fresh or dried, July 1–December 31, 1974, 8 percent (April 1–October 15, 15 percent—October 16–March 31, 20 percent); dates, fresh or dried, July 1–June 30, 1975, 0 (12 percent); shelled cashew nuts, July 1–June 30, 1975, 0 (2.5 percent); dried apricots, July 1–June 30, 1975, 6 percent (7 percent); bilberries, fresh, prepared, or preserved, July 1–June 30, 1975, 4 percent (7 percent); rose hips, fresh, July 1–June 30, 1975, 0 (11 percent).

These suspensions have been proposed to help alleviate short supply of the above products and to make available commodities currently not produced in the Community.

Swedish Levy Threatens U.S. Potato Flake, Granule Exports

Because of pressure exerted by Swedish producers, the Swedish import levy on dehydrated potato flakes and granules is to be increased beginning July 1 of this year to a level equal to about half the current c.i.f. value. If adopted, major U.S. exporting firms fear their shipments to Sweden will be reduced significantly.

Since the mid-1960's, Sweden has been the leading U.S. export market for dehydrated potato flakes and granules. In 1973, exports reached a new high of 7.7 million pounds, valued at $1.9 million.

LIVESTOCK AND MEAT PRODUCTS

U.S. Variety Meat Sales Reported

Belgian firms made two purchases of U.S. variety meats in mid-June as a result of contacts through the U.S. Department of Agriculture's Trade Opportunity Referral Service.

One firm reported a purchase of about $22,000 worth of beef tongues, beef livers, and pork livers, and the prospect of continued purchases at the rate of 5 metric tons per month.

Another Belgian firm has purchased $40,000 worth of beef tongues from a South Carolina company.

Argentine Beef Exports Down Although U.S. Imports Larger

Argentine beef exports were down 44 percent from 229,000 tons carcass-weight equivalent (CWE) in January-April 1973 to 128,000 tons in January-April 1974. During the same period, U.S. imports of Argentine beef increased 55 percent from 26 million pounds product weight (approximately 23,000 metric tons CWE) to 41,000 million pounds (36,000 tons CWE). This means that the United States is now the destination for roughly 25 percent of total Argentine beef exports, compared with approximately 10 percent in early 1973.

The principal reason for lower total Argentine exports is the increasing difficulty of selling beef to the European Community where levies have been raised, occasional import embargoes pronounced, and other import regulations tightened. Argentina has recently joined forces with Uruguay, Paraguay, and Colombia to negotiate for freer access to the EC market.

Within Argentina, beef slaughter through the first 3 months of 1974, 2.4 million head, was unchanged from the same period last year. Since 1971, slaughter has been relatively low as farmers built up herds. This low slaughter rate continued through May 1974. What happens through the rest of 1974

and into 1975 depends upon prices (export taxes tend to insulate Argentine farmers from world price levels) and the weather.

If real prices hold steady and the beef-grain price ratio is favorable to beef producers, and if there is no drought, farmers are likely to continue maintaining large herds and total production will increase by no more than 5-10 percent over 1973, if at all. On the other hand, bad weather and/or a decline in real beef prices could induce farmers to liquidate their herds, resulting in a big increase in beef production, and added downward pressure on prices.

DAIRY AND POULTRY

French Sell Broilers to Russia

U.S. trade sources report the sale of 10,000 metric tons of French broilers to the Soviet Union with deliveries beginning June 25 through mid-August. It was noted that the broilers will come from current stocks estimated at 12,000 metric tons. The sales are also contingent on the continuation of the 6½ cents per pound European Community broiler export subsidy due to expire on June 30.

Secretary Butz Advises Against Increase in Nonfat Dry Milk Imports

Secretary of Agriculture Earl L. Butz recently announced he has advised President Nixon that a further increase in the import quota for nonfat dry milk is not necessary or advisable at this time.

The Secretary's recommendation was directed to a pending Presidential decision on an earlier recommendation of the U.S. Tariff Commission that the regular import quota for nonfat dry milk be increased, for calendar 1974 only, by 265 million pounds. The regular annual quota—established by President Eisenhower in 1953—is 1.8 million pounds.

Last December the Tariff Commission, following an investigation requested by the President, recommended that the 1974 quota be increased by the same amount permitted during 1973. At that time, domestic production had fallen sharply and supplies were tight. Under the law, import restrictions may be imposed only to prevent imports from interfering with the price support program, and the Commission concluded that nonfat dry milk imports could be continued at the 1973 level without causing such interference. Also at that time dairy prices were well above the support level and the Government had made no support purchases for many months.

On March 4, at the advice of the Secretary, President Nixon took interim action on the Commission's report, withholding final decision until the prospective supply situation for the entire year became more definite. The interim action authorized 150 million of the recommended 265 million pounds additional nonfat dry milk imports during a period ending June 30.

In his letter to the President, Secretary Butz pointed out that the dairy situation has changed markedly in recent months. Production of nonfat dry milk and other manufactured dairy products has been greater than anticipated, prices have fallen and are now close to or at the support level. The Commodity Credit Corporation has acquired dairy products under the price support program.

"In this situation," the Secretary reported, "I believe that any further increase at this time in the import quota for nonfat dry milk would almost certainly result in interference with the Department's price support program for milk." He asked that no action on the report of the Tariff Commission be taken at this time.

Overseas Demand for U.S. Poultry Meat Remains Strong

Overseas market demand for U.S. poultry meat remains strong at a time when export outlets are most important to the U.S. poultry industry. For the period January-April 1974, exports of poultry meat amounted to 66 million pounds valued at $30 million—up 30 percent in volume and 79 percent in value over those of the comparable 1973 period.

Despite limited access, the European Community (EC) is second only to the Caribbean as a market area for U.S. poultry meat. Turkey meat—the most important item moving to the EC market—was up to 8.6 million pounds, valued at $5.2 million for increases of 5 percent in volume and 55 percent in value over last year's levels. West Germany remains the largest EC market, taking $3.7 million worth of turkey meat.

In anticipation of the new EC hygiene law that went into effect April 1, EC importers increased their stocks of U.S. turkey meat items in the event there would be undue delay in U.S. plants meeting the new regulations. As a result, turkey meat exports for the month of April were down. But now, all trade reports indicate that because U.S. plants are meeting the German requirements, and with favorable U.S. prices, exports are again on the increase.

GENERAL

India's Rainfall Deficient During June

The main force of the monsoon in recent days has been located in the Indian Ocean, below the southern tip of India. It is hoped the monsoon will move northward in 4 or 5 days, bringing better rainfall in July than the low level recorded in most of India during June.

Rainfall was more than 35 percent below normal in central India during June. Prospects for coarse grains, peanuts, and cotton production in 1974 are now clouded by the dry June weather in Uttar Pradesh, Madhya Pradesh, Orissa, Gujarat, and interior Maharashtra. Premonsoon showers provided above-normal rainfall in northwestern India during June. Rainfall in eastern India, from northern Bihar to Assam, was heavy in June, and caused some floods in Assam.

Other Foreign Agriculture Publications

- Canned Fruit Prices in the Netherlands, West Germany, and the United Kingdom (FCAN 3-74)
- April Exports of Raw Cotton Push Cumulative 1973-74 Total Over 4 Million Bales (FC 13-74)

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Canada Sells Wheat to the PRC

Canada has sold 2 million long tons (2.03 million metric tons) of wheat to the People's Republic of China (PRC). Delivery of the wheat, valued at $350 million, is scheduled for July-December 1974. Combined with a previous sale of 1 million tons, Canadian wheat sales to the PRC for 1974 delivery now total 3.0 million long tons (3.05 million metric tons).

One million tons of the new sale is under the framework of an agreement signed in October 1973 that called for 4.8 to 6.0 million long tons to be shipped from 1974 to 1976. The additional million tons, however, is a new sale outside the 3-year agreement. Terms of the two latest contracts call for 25 percent cash and the balance, plus interest, within 18 months—the same as in previous negotiations.

With this latest purchase, the PRC now has known commitments for delivery of about 5.2 million metric tons of wheat during 1974-75 (July-June). However, wheat purchases by the PRC during the 1974-75 marketing year could total close to 7.5 million metric tons if half of the upper range of annual commitments under the long-term agreements with Canada, Australia, and Argentina is shipped in January-June of next year.

China's purchases would total about 6.8 million metric tons if the lower range of annual commitments is negotiated. These totals include about a half million tons of U.S. wheat to have been delivered by June 30, 1974, but are now carried over into the 1974-75 marketing year. Actual deliveries in 1973-74 will total about 5.9 million tons.

PEOPLE'S REPUBLIC OF CHINA: IMPORTS OF WHEAT AND WHEAT FLOUR [1]
[In million metric tons]

Year	Australia	Canada	United States	Argentina	France	Total
1960-61/ 1964-65	2.00	1.44	0	0.36	0.33	[2]4.42
1965-66	2.02	1.99	0	2.22	.04	[2]6.30
1966-67	2.17	2.46	0	.32	.07	5.02
1967-68	2.42	1.37	0	0	.36	4.15
1968-69	1.18	2.10	0	0	.26	3.54
1969-70	2.52	1.83	0	0	.78	5.13
1970-71	1.31	2.35	0	0	0	3.66
1971-72	0	2.97	0	0	0	2.97
1972-73	.32	4.37	.59	0	0	5.28
1973-74 [3]	1.06	1.54	3.20	.05	.05	5.90
1974-75 [4]	1.40	3.00	2.35	.50	.20	7.45

[1] Wheat flour in terms of grain equivalent. [2] Includes small quantities from other countries. [3] Preliminary. [4] Forecast.

PERU MAY RESUME ANCHOVY FISHING

The U.S. Agricultural Attaché in Lima expects Peruvian Institute of the Sea (IMARPE) scientists to recommend that anchovy fishing be started in October and believes there could be a 2-3-million-ton catch this fall. However, results of the Institute's survey on ocean conditions and anchovy recuperation from May 28 through early June along Peru's entire coast will not be released until July.

Since this year's total catch through May was 2.45 million tons, the 6-million-ton catch forecast for 1974 seems possible. This could produce 1.2 million tons of fishmeal and 150,000 tons of fish oil at normal yields.

The 2.45-million-ton catch produced 540,000 tons of fishmeal and 140,000 tons of oil, indicating unfavorable yields this year, especially for fish oil. However, the Government is expected to limit fishmeal production to 1 million tons in 1974.

With generally good results, it had been believed that fishing might have been started in June. However, widespread publicity regarding the anchovy recovery had a bearish effect on meal prices, and the Ministry of Fisheries apparently felt further fishing now could depress prices even more.

By mid-June about 400,000 tons of fishmeal and 65,000 tons of fish oil had been contracted for export, but reportedly only half the fishmeal had been shipped.

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